

Legislation influence; foreign laws. A nonprofit organization that attempts to influence and advocates changes in the laws of a foreign country is an 'action' organization within the meaning of regulations section 1.501(c)(3)-1(c)(3), and therefore does not qualify for exemption from tax.

Advice has been requested whether a nonprofit organization that attempts to influence and advocates changes in the laws of a foreign country qualifies for exemption from Federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code of 1954.

Section 1.501(c)(3)-1(c)(3)(i) of the Income Tax Regulations provides that an organization is not operated exclusively for one or more of the exempt purposes described in section 501(c)(3) of the Code if it is an 'action' organization as defined in subdivisions (ii), (iii), or (iv) of this subparagraph.

Section 1.501(c)(3)-1(c)(3)(ii) of the regulations provides an organization is an 'action' organization if a substantial part of its activities is attempting to influence legislation by propaganda or otherwise.

Section 1.501(c)(3)-1(c)(3)(iv) of the regulations provides an organization is an 'action' organization if it has the following two characteristics: (a) its main or primary objective may be attained only by legislation or a defeat of proposed legislation; and (b) it advocates, or campaigns for, the attainment of such objectives as distinguished from engaging in nonpartisan analysis, study, or research and making the results thereof available to the public.

For purposes of the above sections of the regulations, the term 'legislation' includes foreign as well as domestic laws. Accordingly, an organization that attempts to influence and advocates changes in the laws of a foreign country does not qualify for exemption from Federal income tax under section 501(c)(3) of the Code.